





# Feeding the Other 53%

A Western Perspective  
on Small Farms and the Next Farm Bill  
-USDA Agricultural Outlook Forum-

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# The West:

## A Tale of Two Economies

- **Urban areas: growth, sprawl, economic boom**
  - **Douglas County**
    - Median household income of \$77,513
    - 1.9% of residents below the poverty line
- **Ag-related rural areas: stagnation, outmigration**
  - **Bent County**
    - Median household income of \$26,427
    - 24.5% residents below the poverty line

• Source: U.S. Bureau of Census, 2001

# Market Consolidation: The Prime Culprit

- **Four packers control 80% of beef slaughter**
  - Procurement more consolidated regionally
  - Wyoming has no federally-inspected slaughter plant
- **Cargill owns 82% of Colo. strategic elevators**
- **Sugar beet industry in meltdown**
- **Lamb industry collapses under import pressure**

# Retail Concentration

## A New Concern:

- **Four-firm concentration in retail food sales**
  - 42% in 2000
  - 24% in 1997
  - Wal-Mart now No. 2
    - Source: “Consolidation in Food Retailing & Dairy,” report to NFU by Drs. Mary Hendrickson & William Heffernan

*“Large retailers, like Wal-Mart, intend to deal with as few suppliers as possible, and the same ones all year. Moreover, they do not care where the potatoes are grown”*

- Source: Dr. Richard Zink, San Luis Valley Extension Potato Specialist

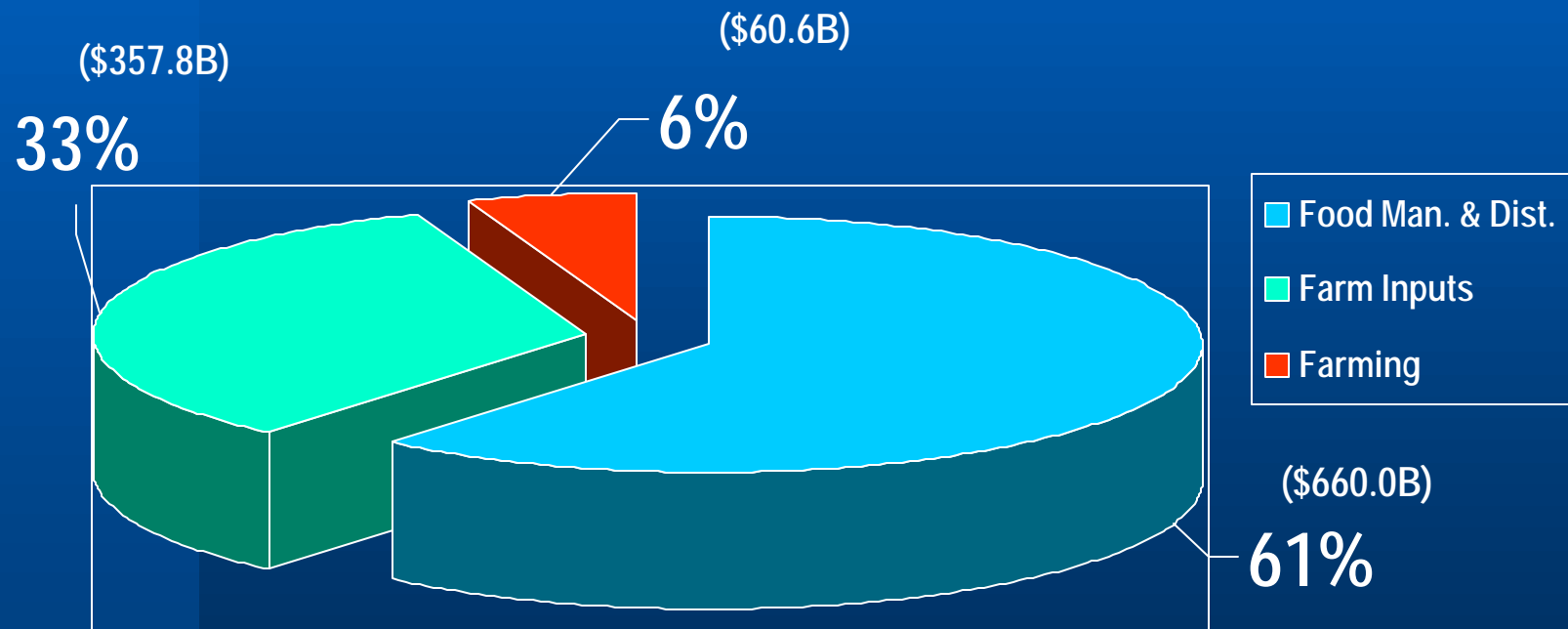
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# The Industrial Model

- More stuff at less cost
  - High volume, low margin
  - Colorado's 29,000 farms and ranches
    - 87 produce 51% of state's ag products
    - What about the other 28,913?
    - What about our rural communities?
- Source: Colorado Agricultural Statistics Service, USDA-NASS

# Food & Fiber Sector of GDP\*

Food & Fiber Sector Contributes \$1,078 Billion to GDP (13%)



\*Source: USDA, ERS, Rural Conditions & Trends, November 1998

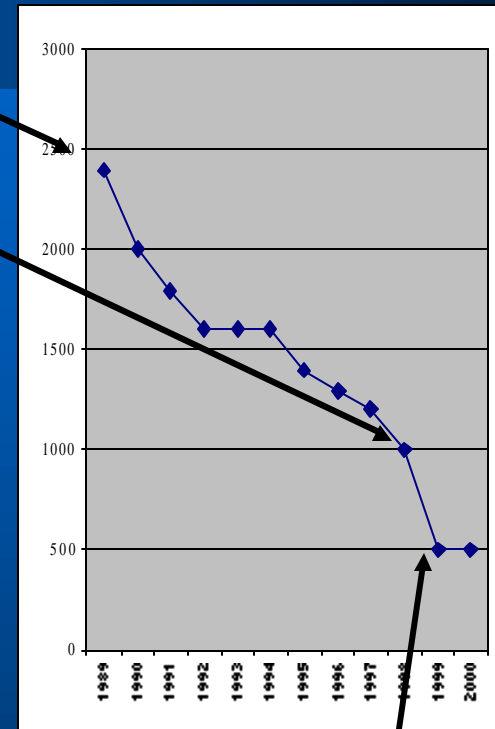
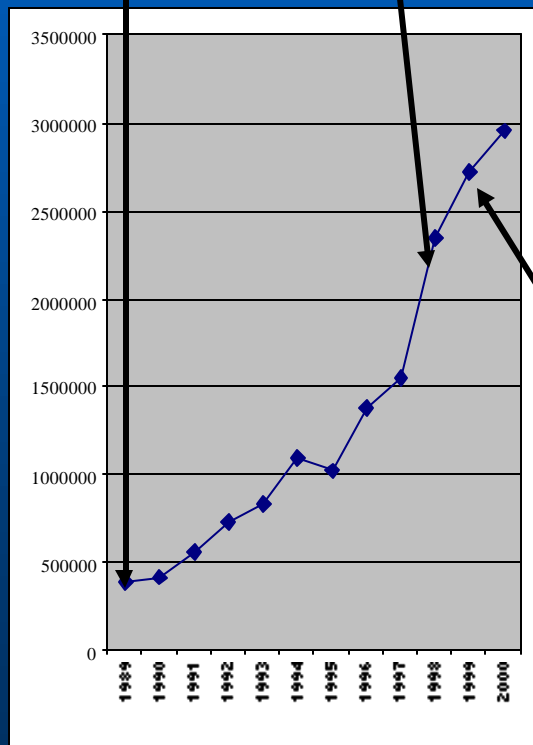
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# Are Regulations the Problem?

Natl. Hog Farms Arrive

Hog Market in Free-Fall

Colo. Hog  
Production  
1989-2000



Colo. Hog  
Farms  
1989-2000

Environmental Regs.  
Enacted (Amendment 14)

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Source: Colorado Agricultural Statistics, USDA-NASS

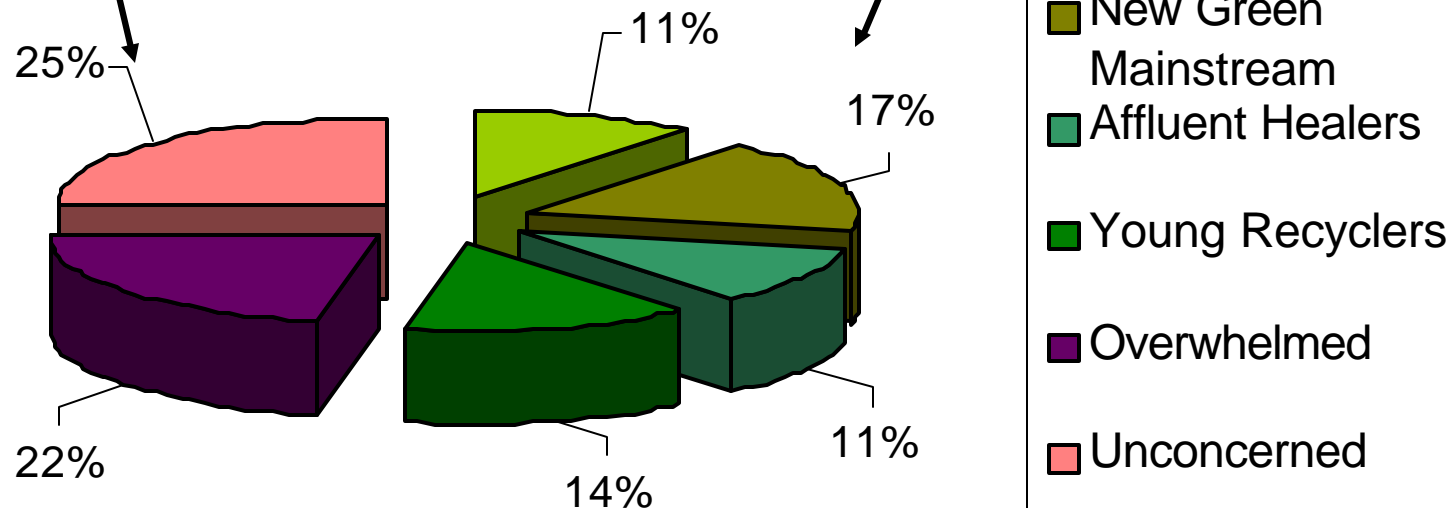


# Meet Our Customers

The Industrial 47%

The Other 53%

## The American Consumer



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Source: The Hartman Group, Bellvue, WA, 1999

# What the Other 53% Want:

- A connection between the environment and their health
- Prefer locally grown produce
- Cynical about nutrition/safety claims
- Informed about food issues
- Concerned about pesticides, chemicals
- Water, pesticides, top list of environmental concerns

- Source: The Hartman Group, Bellevue, WA, 1999

# Multifunctionality

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- **Commodity production**
- **Open space**
- **Wildlife habitat**
- **Water quality**
- **Clean air**
- **Social capital**

# The Next Farm Bill:

- **Targeting**
  - Realistic family farm operating scale
  - Reduce potential that programs encourage Concentration
  - Single attribution of benefits
- **Counter-Cyclical**
- **Planting Flexibility**
  - Expand flexibility
  - Reduce cross-subsidization potential
- **Targeted Credit Programs**

# The Next Farm Bill (cont.):

- **Reserve Programs**

- **Renewable Energy Reserve**
- **Humanitarian Food Assistance Reserve**

- **Conservation**

- **Maximize CRP/WRP**
- **Soil rehabilitation program**
- **Incentive-based conservation programs**
- **Carbon sequestration**
- **Limit benefits to independent producers**

# The Next Farm Bill (Cont.):

- **Capitalization for producer-owned value-added enterprises**
  - Full funding for RCDG Program
  - Strengthen B&I loan guarantee program
  - Revolving equity fund
  - Value-added development grants
- **Appropriate-scale market development**
  - Farmers Markets/FMNP
  - State-inspected meat plants
  - Govt. Procurement targets

# The Next Farm Bill (Cont.)

- **Anti-Trust enforcement**
  - Merger moratorium
  - Prohibit packer ownership
  - Repeal Illinois Brick
  - Model contracts
  - Strengthen mandatory price reporting
- **Implementation of organic regulations**
  - Protect integrity of the intent
- **Ag R&D in the public domain**
  - Adequate funding for public ag research
  - Prohibition of patenting of research from land-grants

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# The Next Farm Bill (Cont.):

- **Accurate, honest labeling of products**
  - Country of origin
  - GMO labeling
- **Alternative energy development**
  - Tax credits for energy development
  - R&D of energy crops
- **Accountability in mandatory producer-funded commodity promotion programs**
  - Pork referendum is a lesson



# The Next Farm Bill (Cont.)

- **A viable rural infrastructure**
  - Housing
  - Health care
  - Highways
  - Communications
  - Education
- **Reasonable tax reform**
  - Reform—not elimination—of estate tax

# CHALLENGES & OPPORTUNITIES

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*“Safe, healthy food  
begins with secure, profitable  
farm and ranch families.”*

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